

MILK CHECK

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June Dairy Month

June 14, 1991 - The best news for June Dairy Month is an increase of 19 cents in the Minnesota-Wisconsin Price Series for May, right in the middle of what we used to call the spring flush. This puts it up to \$10.23 with more to come in June and July by which time the "normal" seasonal increases will begin. Much of the credit again goes to increasing cheese prices that started going up the first week of May. From \$1.05 a pound for barrels on the National Cheese Exchange on April 26 the price has increased steadily to \$1.15 on June 14 with no end in sight. That's a total of 10 cents higher in just seven weeks. So far you've only seen the increases up to May 15 in the M - W price but the rest will be coming in June. This is a lot more than expected and reflects a declining milk supply brought on by higher cow prices and lower milk prices. Nationally for April milk production was almost back to 1990 levels.

And that's not all. Powder prices have firmed up also and gained over three cents a pound in May. If that's not enough, even butter prices last week increased from three to eight cents depending on the grade. This brought butter prices up to the support price for the first time this year. Putting it all together it means higher prices at the time of the year when you least expect them. It also changes most predictions for milk prices this year. When the M - W dropped \$2.31 from September to

December last year most forecasts indicated we would only get back about half of that this year. Now the 10 cent increase in cheese prices plus the increases in powder and butter could be worth a dollar a hundred by mid summer with room for more improvement in the fall and winter.

Farm Prices

However, all of that is in the future except for the Class III price. Mainly your blend price in May comes from the M - W in March when it was only \$10.02 and starting on its way up. With the new provisions for three classes of milk in Orders 2 and 4 it's interesting to note that when the M - W takes a sudden jump like this month, the Class III price is higher than the Class II price. That's good now because over 45 percent of the milk in Order 2 is Class III and only 17 percent is Class II for May. The Class II price was \$10.01 and the Class III price was \$10.11 if you're interested.

All this adds up to a Uniform or blend price of \$10.84 for Order 2 in May. That's only three cents more than last month but with the 40 cent suspension in the Louisville Plan it's \$1.99 under last year. May was the low month for the Class I price at \$12.44 but this will go to \$12.65 by July. I realize it isn't going up as fast as it went down but at least it's going up in the Spring.

Pennsylvania Premium

This week the Pennsylvania Milk Marketing Board reduced its over order premium from \$1.35 to \$1.05 a hundred on Class I milk

but extended it for a year to June 1992. Other states have now taken action to collect Class I premiums and include Vermont, New Hampshire, Maine, Massachusetts, New Jersey and New York. New York set a minimum Class I price of \$13.85 for June milk but most of the other states have chosen to add \$1.39 over the Federal Order Class I price.

Not all of these are in place yet and may be challenged by law suits regarding the collection of compensatory payments by handlers on out of state milk. Even national legislation has been considered that would limit the participants in federal programs for producers getting over order premiums through state marketing orders. Watch for developments.

Study Completed

The USDA study of dairy supply management programs was completed last month and their report goes to Congress this week. Meetings of the House Agriculture Committee on June 18 and the Senate Agriculture Committee the next day will provide the first solid indications of what may be expected. The USDA study report was just a report and did not include anything to indicate a preference for any particular program. The report has been criticized for some of the base line data used in their projections of the impact of each program on producers and consumers but the decisions on what to recommend to the Congress are now in the hands of the agriculture committees of each chamber.

However, markup of the bills for each committee is scheduled for the following week on June 25 and 26 so you'll know a lot more by the end of the month. Just remember that this is only the first step toward passage of any new legislation and, depending on what is proposed, may not get to a final vote until the Fall when Congress returns from its summer recess. Speculation on what will be proposed that can get approved by the Congress without the risk of a Presidential veto will be inter-

esting but don't be surprised if you don't get as much as you hoped for. Just pray that you get something because, once again as in the past, there's little consensus among producers and organizations on the smorgasbord of proposals that will be submitted.

In addition to what the agriculture committees may find in the USDA report some legislators and the National Milk Producers Federation, as well as other groups, used the opportunity before the June 15 deadline for the report, to make proposals of their own. Among these you can find a partial herd buyout program; increasing the minimum solids in milk; limiting Commodity Credit Corporation purchases; a producer board to market surplus dairy products and removal of the requirement for cross compliance in conservation plans that is required in all other government programs in agriculture.

How's Your AD-1026

Speaking of cross compliance the ASCS Form AD-1026 is the certification that you are in com-

pliance with the sod buster program and eligible for a five cent refund for 1991 if you don't produce any more milk than you did in 1990. That nickel may not be worth having but if you think you really want it don't wait for Congress to exempt dairymen because it may not happen. The argument is that all other farmers have to live with it so why not dairymen?

That form AD-1026 must be completed each year to stay in compliance. If you never filed one then check at your county ASCS office. Right now they're acting like it will be required and putting it in their newsletters.

The first requirement is a Conservation Plan from Soil Conservation Service by 1991 that's implemented by the end of 1994. Depending on your farming practices you may not have to make many changes but you must, at least, have a plan this year even if the changes can't be made until next year. Funds for cost sharing conservation practices are also dwindling and that may be another reason to make a move now if you want to be in compliance in the future.

Holstein Association Advertising Opportunity

STATE COLLEGE (Centre Co.) — The Pennsylvania Holstein Association is planning a new advertising opportunity for its members and others — a membership directory.

The association is putting together a membership directory with featured advertising throughout. According to association officials, it will be an excellent publication to promote breeding programs, long range herd goals, or products for dairymen.

The last time the association published a membership directory

was in 1986. The publication does last and is used regularly by many people.

The cost for a full-page ad is \$300, plus extra feature costs.

If you would like to be involved in this promotional program, please contact the Pa. Holstein Association by June 24. Write to either the 839 Benner Pike, State College, Pa., 16801, or (814) 234-0364.

This is your opportunity to promote your herd or products on a long term basis to a progressive audience of dairymen.

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